

# Committee on Ways and Means

## Facts and Figures on Identity Theft

### Identity Theft Victims

- A 2003 survey sponsored by the Federal Trade Commission (FTC) estimated almost 10 million Americans were victims of identity theft in the past year, and 27 million were victims in the past five years.<sup>1</sup>
- About half of victims do not know how the identity thief obtained their personal information. Nearly 1 out of 4 of all victims said their information was lost or stolen—including credit cards, checkbooks, social security cards, or stolen mail.<sup>2</sup>
- 1 out of 25 of those surveyed said identity thieves misused their personal information to evade law enforcement, such as presenting the victim's name and identifying information when stopped by law enforcement authorities or charged with a crime.<sup>3</sup>
- The *Identity Theft and Assumption Deterrence Act of 1998*, which made identity theft itself a crime, designated the FTC as the central storehouse for identity theft complaints. The FTC Identity Theft Clearinghouse (established in November 1999) received 161,819 reports of identity theft in 2002, up 88% from 86,198 in 2001.<sup>4</sup> The FTC estimates it will receive 210,000 identity theft complaints in 2003.<sup>5</sup>
- The District of Columbia has the highest incidence of identity theft, followed by California.<sup>6</sup>

<u>State</u>	<u>Victims per 100,000 People</u>	<u>Number of Victims</u>
District of Columbia	123.1	704
California	90.7	30,738
Arizona	88	4,517
Nevada	85.3	1,705
Texas	68.9	14,357
Florida	68.2	10,898
New York	66.9	12,698
Washington	66.1	3,894
Maryland	66	3,497
Oregon	64.3	2,200

- Most often, identity thieves use the victim's information to commit credit card fraud. However, more than 1 in 5 victims reported their information was used to commit more than one type of fraud.<sup>7</sup>

<sup>1</sup> Synovate. *Federal Trade Commissioner—Identity Theft Survey Report*. September 2003.

<http://www.ftc.gov/os/2003/09/synovatereport.pdf>.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*

<sup>4</sup> Federal Trade Commission. *National and State Trends in Fraud and Identity Theft, January-December 2002*. January 22, 2003.

[http://www.consumer.gov/sentinel/pubs/Top10Fraud\\_2002.pdf](http://www.consumer.gov/sentinel/pubs/Top10Fraud_2002.pdf).

<sup>5</sup> Federal Trade Commission. *Federal Trade Commission Overview of the Identity Theft Program, October 1998-September 2003*. September 2003. <http://www.ftc.gov/os/2003/09/timelinereport.pdf>.

<sup>6</sup> Federal Trade Commission. *National and State Trends in Fraud and Identity Theft, January-December 2002*. January 22, 2003.

<sup>7</sup> *Ibid.*

<u>How Victim's Information is Misused</u>	<u>Percent of reports</u>
Credit card fraud	42%
Phone or utilities Fraud	22%
Bank fraud	17%
Employment-related fraud	9%
Government documents or benefits fraud	8%
Loan Fraud	6%
Other fraud	16%

- About 1 in 6 identity theft victims said the thief used their personal information to open at least one new account, such as new credit card accounts, new loans, or other new accounts.<sup>8</sup>
- Over half of identity theft victims are under age 40. About 11 percent of victims are age 60 or older.<sup>9</sup>
- According to Social Security Administration Inspector General's analysis of the SSA's Fraud Hotline data, more than 80 percent of SSN misuse allegations were related to identity theft.<sup>10</sup> In fiscal year 2002, the Hotline received 73,765 reports of SSN misuse (about 58% of total allegations received).<sup>11</sup>
- On average, identity thieves misused victims' information about 3 months. However, when the identity thief opens new accounts with the victim's information, the misuse lasts longer—more than 1 out of 4 of these victimizations lasted 6 months or more.<sup>12</sup>

### **The Economic Impact of Identity Theft**

- A FTC-sponsored survey estimates the annual total loss to businesses due to identity theft approached \$50 billion. The total annual cost of identity theft to victims was about \$5 billion and 300 million hours of time resolving various problems. The average victim of identity theft spent \$500 and 30 hours resolving his or her problems. Victims dealing with identity theft involving new accounts and other fraud spent an average of \$1,180 and 60 hours each resolving their problems.<sup>13</sup>
- In its 2000 bank industry survey, the American Bankers Association reported that total check fraud-related losses in 1999—considering both actual losses of \$679 million and loss avoidance of \$1.5 billion—against commercial bank accounts reached \$2.2 billion, which was twice the amount from 1997. Of that amount, the percent of check fraud-related losses attributable to identity theft ranged from 56 percent at community banks to 5 percent at superregional/money center banks (29 percent across all sizes of banks).<sup>14</sup>
- MasterCard and Visa fraud losses related to identity theft in 2000 equaled \$114 million, an increase of 43 percent from about \$80 million in 1996.<sup>15</sup>

<sup>8</sup> Synovate. *Federal Trade Commissioner—Identity Theft Survey Report*. September 2003.

<sup>9</sup> Federal Trade Commission. *National and State Trends in Fraud and Identity Theft, January-December 2002*. January 22, 2003.

<sup>10</sup> Social Security Administration. *Fiscal Year 1999 Accountability Report*. Social Security Administration Office of the Inspector General, Semiannual Report to Congress, p. 127. <http://www.ssa.gov/finance/99oigrpt.pdf>.

<sup>11</sup> Social Security Administration Office of the Inspector General, July 2003.

<sup>12</sup> Synovate. *Federal Trade Commissioner—Identity Theft Survey Report*. September 2003.

<sup>13</sup> *Ibid.*

<sup>14</sup> General Accounting Office. *Identity Theft. Prevalence and Cost Appear to be Growing*. March 2002. GAO-02-363.

<sup>15</sup> General Accounting Office. *Identity Theft. Prevalence and Cost Appear to be Growing*. March 2002. GAO-02-363.

## Law Enforcement

- There is no single database in the United States that captures all investigations and prosecutions of identity theft cases.
- Enforcement actions on identity theft law may be undercounted. There are different definitions of what is considered identity theft. Also, identity theft is usually committed to facilitate another crime. Criminals may be charged with those other crimes, like bank, wire, or mail fraud, etc., rather than with identity theft.
- In addition, many victims of identity theft do not report the crime to law enforcement authorities. In 2002, 47 percent of those reporting identity theft to the Federal Trade Commission said they notified the police department, but only roughly 1/3 had a report taken; 53 percent of victims had not notified a police department.<sup>16</sup>
- Only about 1 out of 4 identity theft victims polled in a FTC-sponsored survey said they reported the crime to local police. Only about 1 in 5 said they notified one or more credit bureaus about the identity theft.<sup>17</sup>
- Violations of the *Identity Theft and Assumption Deterrence Act* are investigated by federal agencies (e.g. Secret Service, the Federal Bureau of Investigation, etc.). The Department of Justice prosecutes the cases, usually through one of the U.S. Attorneys' offices.
- The following are examples of identity theft enforcement at the federal level.<sup>18</sup>

### U.S. Attorney Cases Filed Under Statutes Related to Identity Fraud in 2000

18 U.S.C. § 1028 (identification documents): 775

18 U.S.C. § 1029 (access devices): 703

42 U.S.C. § 408 (SSN misuse): 694

### Secret Service, 2000 data

3,163 arrests

5,379 cases closed (includes cases not prosecuted and those on which action was completed)

Average actual losses to victims in cases closed: \$46,119

### Postal Inspection Service: 1,722 arrests

### Federal Bureau of Investigation, 2000 data

18 U.S.C. § 1028 (identification documents): 40 arrests, 50 convictions

18 U.S.C. § 1029 (access devices): 90 arrests, 74 convictions

18 U.S.C. § 1014 (loan and credit applications): 85 arrests, 121 convictions

18 U.S.C. § 1344 (bank fraud): 645 arrests, 1,112 convictions

42 U.S.C. § 408 (SSN misuse): 62 arrests, 68 convictions

### Internal Revenue Service, 2000 data

According to the IRS, many questionable refund schemes and returns involve identity theft or identity fraud. The following involve a high frequency, though are not exclusively related to, identity theft or identity fraud. In 2000, there were 3,085 questionable refund schemes and 153,727 questionable returns, involving \$783 million in refunds claimed, of which IRS prevented payment on \$757 million.

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<sup>16</sup> Federal Trade Commission. *National and State Trends in Fraud and Identity Theft, January-December 2002*. January 22, 2003.

<sup>17</sup> Synovate. *Federal Trade Commissioner—Identity Theft Survey Report*. September 2003.

<sup>18</sup> General Accounting Office. *Identity Theft. Prevalence and Cost Appear to be Growing*. March 2002. GAO-02-363.